

## FOR IMMEDIATE RELEASE

Office of Gov. John Hickenlooper

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## Colorado will save more than \$280 million as Medicaid expands

**DENVER** — **Thursday, Jan. 3, 2013** — Gov. John Hickenlooper announced plans today to save more than \$280 million in Medicaid spending over 10 years, permitting the prudent expansion of coverage in Colorado. Projections show the savings, existing provider fee structure and other health-related revenues will more than cover the cost of the expansion.

"We worked diligently over the past several months to find savings in order to expand coverage," Hickenlooper said. "Not one dollar from the state's general fund will be used for this expansion, even in 2017 when the federal government begins to reduce its share."

The Department of Health Care Policy and Financing (HCPF) is strengthening its ongoing efforts to control costs and increase value in Medicaid in the following areas:

- Enhancing value-based services. For example, HCPF is boosting efforts to ensure clinically appropriate services, prevent unnecessary or duplicative services and to ensure use of the most effective care at the lowest cost. This is projected to save \$22 million.
- Increasing effectiveness in care delivery. For example, regional organizations and providers in the Accountable Care Collaborative are rewarded for coordinating care and meeting performance benchmarks. This effort has so far reduced health costs by \$20 million and returned \$3 million to taxpayers and is expected to save \$86 million.
- Reforming payment systems to reward value instead of volume. For example, HCPF is providing payments through its Accountable Care Collaborative to coordinate client care and improve outcomes. This is projected to save \$86 million.
- Leveraging health information technology to improve quality and efficiency of care. For example, upgraded computer systems allow the state to reduce fraud by enhancing the ability to track claims and payments. This is projected to save \$43 million.
- Redesigning administrative infrastructure and reducing fraud, waste and abuse. For example, legislation passed last year gives incentives for counties to find and prevent client fraud. This is projected to save \$43 million.

"We are focusing on transforming our health system to ensure all Medicaid recipients have access to the right services, at the right time, in the right setting and at the right price," said Susan E. Birch, Executive

Director of the Department of Health Care Policy and Financing. "We will reset the cost trajectory of Medicaid by building on the successful work we've started with our Accountable Care Collaborative."

The new coverage levels are authorized by the federal Affordable Care Act and will expand Medicaid coverage to Coloradans earning up to 133 percent of the Federal Poverty Level (FPL) beginning on Jan. 1, 2014.

Currently, 133 percent of the FPL is \$14,856 for an individual and \$30,657 for a family of four. Colorado law already allows Medicaid to cover children and some adults in this income category; the new eligibility standards will enable the state to cover an additional 160,000 adults.

The federal government will cover 100 percent of the costs for the newly-eligible Medicaid population through 2016. In 2017, the federal match rates begin to taper down until 2020, at which point Colorado will be responsible for 10 percent of the costs going forward.

To move forward with the Medicaid expansion, HCPF will file a State Plan Amendment with the U.S. Department of Health and Human Services. A state law change is also needed to give HCPF the spending authority for the coming changes. Legislation for this should be introduced soon in the General Assembly.

More information and fact sheets about the Medicaid expansion can be found at www.Colorado.gov/hcpf.

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About the Colorado Department of Health Care Policy and Financing

The department administers the Medicaid and Child Health Plan *Plus* programs as well as a variety of other programs for low-income Coloradans, families, children, pregnant women, the elderly and people with disabilities. The mission of the department is to improve healthcare access and outcomes for people while demonstrating sound stewardship of financial resources.